

CITY AND COUNTY

SAN FRANCISCO PUBLIC LIBRARY



3 1223 06243 8974



Public Library, Documents Dept.
OF SAN FRANCISCO: Jane Judson

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

DOCUMENTS DEPT.

SEP - 2 1994

SAN FRANCISCO
PUBLIC LIBRARY

August 31, 1994

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: Impact of Further Budget Reductions Proposed by the Mayor

In response to your request of August 29, 1994, we have surveyed major General Fund supported City Departments in order to obtain a preliminary assessment of the impact of the Mayor's proposed budget reductions as communicated to the Board of Supervisors by letter from the Mayor on August 26 and subsequent memorandum to the Controller on August 29, 1994. We have also discussed these proposals with the Mayor's Director of Finance and the Controller.

The Mayor's Director of Finance has informed us that additional alternatives are being considered, and that such alternatives may be presented to the Board of Supervisors at a later date.

The Controller has stated that until legislation rescinding appropriations in specific amounts is received from the Mayor for consideration by the Board of Supervisors, the 1994-95 budget remains as approved by the Board of Supervisors, reduced by line item vetoes submitted by the Mayor on August 26, which were partially overridden by vote of the Board of Supervisors on August 29, 1994.

Therefore, the 1994-95 budget currently anticipates \$9.6 million in revenue from increased Property Transfer Tax rates, a General Fund Reserve of approximately \$10.5 million (after accounting for the line item vetoes that were not overridden) and remaining expenditure appropriations as previously approved by the Board of Supervisors. Of this \$10.5 million General Fund Reserve, the Budget Committee has designated approximately \$1.0 million for Mental Health programs which have lost Federal Grant support in 1994-95.

If the Property Transfer Tax increase is vetoed by the Mayor, and no expenditure reductions are made to the Annual Appropriation Ordinance, then

August 31, 1994

Page 2

the General Fund Reserve will be reduced to approximately \$900,000 (\$10.5 million reserve less \$9.6 million in lost revenue) and would be further depleted by any amount used to fund the aforementioned Mental Health programs. In order to restore the General Fund Reserve to a higher level therefore, some expenditure reductions will be required (unless alternative revenues are identified).

The Mayor's proposal of August 26, 1994 suggested the following adjustments to the 1994-95 budget in lieu of the Property Transfer Tax increase:

Increased 1993-94 Year-end Surplus Available to fund the 1994-95 Budget	\$2,000,000
Reduction to General Fund Reserve	1,000,000
Reductions to Police Equipment (\$500,000) Purchases and Uniform Overtime (\$500,000)	1,000,000
Reductions to Fire Department Uniform Salaries and Benefits due to delayed hiring of new recruits	1,000,000
Delayed implementation of new programs - Juvenile Probation	500,000
Citywide Increased Salary Savings and related Mandatory Fringe Benefits of .68 percent (\$4,200,000) and cuts to Miscellaneous Overtime (\$400,000) and Facilities Maintenance spending (\$700,000)*	<u>5,300,000</u>
Total	\$10,800,000

* Facilities maintenance includes additional reductions to Police (\$16,700) and Fire Department (\$87,800) budgets.

The remainder of this report discusses each of above items and their estimated potential impact on the operations of City departments.

1. Increased "Surplus" of \$2.0 million

The Controller states that he is unable to certify the availability of additional surplus funds at this time. It will first be necessary for the Controller to "close the books" on the 1993-94 fiscal year before the amount of any such surplus is determined.

2. Reduction to General Fund Reserve of \$1.0 million

The impact of this action would depend on the cumulative effect of the General Fund Reserve of all other budgetary adjustments. For example, if the amount of the reserve were to decrease from \$10.5 million to \$9.5 million, the fiscal impact would be less significant than if all of the other Mayor's proposed budgetary reductions were not taken which would then result in a much greater diminution of reserve levels.

3. Police Department Reductions

The proposed reduction to Police equipment purchases (\$500,000) will effectively eliminate the acquisition of new vehicles for approximately 270 Police Officers that have been hired in 1993-94 and will be hired in 1994-95. While no significant impact will occur this year because most of the new Officers will be in training, or riding with other Officers, the addition of such vehicles will become a priority in 1995-96.

The reduction to Police Uniform overtime appropriations (\$500,000) will fund the Department at a level that is below historical spending. The Department reports that it is achieving significant savings through reductions to court overtime by implementing a recommendation of the Budget Analyst's Zero Base Budget Analysis to improve scheduling through better coordination with Municipal Court. However, savings to court overtime spending by the Police Department was to be credited to the District Attorney's Office to cover an underfunding of current D.A. expenditures (see below). Therefore, this cut of \$500,000 would reduce the amount of any savings that could be applied to the D.A. budget gap by approximately \$200,000 according to the Mayor's office.

The Mayor's proposal also includes reductions to Miscellaneous salaries and benefits for the Police Department of approximately \$134,000. This will result in the necessity to hold an additional four non-sworn positions vacant for the remainder of the fiscal year. The Police Department states that this reduction will not impact the plans to increase and sustain staffing for 911 Communications Dispatchers.

4. Fire Department Reductions

According to a letter from Chief Medina of the Fire Department, a court order to postpone a planned Physical Abilities Test for 90 days will alter the 1994-95 hiring plan for new firefighter recruits. The Fire Department had originally planned to conduct three Fire College classes beginning in September, 1994, December, 1994 and May, 1995. The delay will result in two classes this fiscal year (beginning in January, 1995 and April, 1995), and according to the Fire Chief, result in expenditure savings of \$1.0 million.

5. Juvenile Probation

The Mayor has proposed a delayed startup of two new programs, the Single Repeat Offender program and the Interim Home Supervision program, which would reduce General Fund spending by \$500,000 in 1994-95. Although Federal Grant funds will be sought for these programs, it is unlikely that such grant funding will be secured this fiscal year.

Increased salary savings requirements of \$83,000 plus fringe benefit savings will result in the delayed hiring of 14 new staff included in the 1994-95 budget for approximately six weeks to two months. This delay will increase the need for overtime spending according to the Department. However, the Mayor's proposal also includes a reduction in Juvenile Probation overtime of approximately \$133,000 (approximately 42% of the overtime budget).

INCREASED SALARY SAVINGS REQUIREMENTS, REDUCTIONS TO OVERTIME APPROPRIATIONS AND REDUCED CAPITAL PROJECTS

The Mayor's proposal includes the following recommended budget reductions:

Increased salary savings and fringe benefits	\$4,200,000
Reduced Miscellaneous Overtime Spending (not including Police Uniform Overtime)	400,000
Reductions to Facilities Maintenance Projects	<u>700,000</u>
Total	\$5,300,000

As of the writing of this report, City Departments have been largely unable to provide the Budget Analyst with full details of how they will address the reductions outline above. Some comments received thus far are discussed below.

District Attorney The proposed additional salary and fringe benefit savings of approximately \$127,000 will worsen a current budget gap of \$2.0 million, according to the District Attorney's Office. Also, according to the D.A.'s Office, current spending levels have not been reduced in order to address this underfunding, based on instructions from the Mayor. The \$500,000 reduction to Police Overtime will reduce any potential funding that would have been applied to the D.A. through savings in court overtime expenditures.

Controller The Controller's budget would be reduced by \$61,000 in salaries and fringe benefits and \$51,000 in overtime (42% of the Controller's overtime budget). The Controller reports that virtually all overtime spending is required to produce the bi-weekly payroll for City employees and that this reduction will impair the Controller's ability to meet such deadlines.

Department of Public Health

Increased salary savings and fringe benefit savings have been proposed in the following approximate amounts:

Community Health	\$ 280,000
Community Mental Health	223,000
Laguna Honda Hospital	548,000
San Francisco General	<u>903,000</u>
Total	\$1,954,000

As of the writing of this report, the Budget Analyst has received no information from the Department of Public Health on the impact of these budget reductions. The Mayor's Director of Finance reports that discussions are still being conducted on these proposed reductions and that the Mayor is hopeful of reducing the amount of these proposed cuts by \$1.0 million.

Municipal Railway

The Mayor has proposed increased salary and fringe benefit savings of approximately \$580,000 for Miscellaneous Municipal Railway employees (Muni Transit Operators have been exempted from these proposed reductions). The Budget Analyst has received no information from the Muni on the impact of this proposal as of the writing of this report.

However, a reduction of this amount would appear to have the affect of decreasing Muni equipment maintenance and consequently also have an impact on Muni services.

Recreation and Park

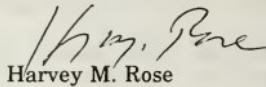
The Mayor has proposed increased salary and fringe benefit savings of approximately \$164,000 and reduced facilities maintenance of approximately \$65,000. Although no layoffs are expected, the Director of Recreation and Parks states that key positions will remain unfilled, that previously approved increases in the budget for swimming pool operations will be reduced and that improvements to Mission Playground will be delayed.

Memo to Budget Committee

August 31, 1994

Page 6

Social Services The Mayor has proposed increased salary and fringe benefit savings of approximately \$436,000. The DSS estimates that such a reduction could necessitate a reduction of as many as 14 funded positions, although no layoffs would likely be necessary. The impact on actual services has not been determined, although 63% of the Department's current number of vacant positions are direct service providers.



Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey



